

DEPARTMENT OF FINANCIAL INSTITUTIONS

2009 ANNUAL REPORT



SUPERVISING KENTUCKY'S FINANCIAL INDUSTRY FOR 97 YEARS

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MISSION STATEMENT

The Department of Financial Institutions' mission is to serve Kentucky residents and protect their financial interests by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities.

VALUES

The Department of Financial Institutions and its employees have a tradition of providing outstanding public service. Seven core values guide our employees to fulfill the department's mission and vision:

Effective and Efficient Operation

We will wisely use the resources entrusted to us by the Commonwealth to ensure maximum output is achieved for each dollar invested.

Responsibility

We accept the serious nature of the tasks entrusted to us, and we are held accountable for our actions.

Professionalism

We will provide quality services through accountability, innovation and a highly trained workforce.

Integrity

We will be honest, fair and impartial.

Teamwork

We will achieve organizational goals through open, responsive communication and cooperation with co-workers, other state government agencies and federal regulatory authorities.

Respect

We will be sensitive to the viewpoints and values of others, and we will work to meet their needs.

Initiative

We will identify potential issues that may impact the financial services industry, formulate appropriate solutions and respond to change.



VISION

The department will:

- Develop and implement sound public policies.
- Be an effective, credible and respected regulatory agency.
- Educate the public and protect their financial interests.
- Encourage capital formation and economic development.
- Provide a work environment that encourages career opportunities and professional development.
- Respond to emerging industry trends and issues, and implement appropriate strategies.

PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS

Steven L. Beshear
Governor

1025 Capital Center Drive, Suite 200
Frankfort, KY 40601
Phone: (502) 573-3390
Fax: (502) 573-8787
www.kfi.ky.gov

Robert D. Vance,
Secretary
Charles A. Vice
Commissioner

Dear Gov. Steven L. Beshear,

As commissioner of the Kentucky Department of Financial Institutions (DFI), I am honored and pleased to present the 2009 Annual Report. The following pages contain statistical and historical information regarding Kentucky's financial services industry.

The causes of the current economic crises are well documented – the excessive risk taking in the mortgage market has resulted in the deepest and longest recession since the Great Depression. The Kentucky banking industry successfully dealt with these economic problems through good management, conservative investments, strong capital ratios and proactive resolution of problems. This does not mean that Kentucky is devoid of problems, but when problems occur, the banking industry is able to withstand the storm.

Profitability has declined at Kentucky banks, but remains acceptable. For most of 2009, Kentucky was ranked eighth in profitability out of the 50 states. And while the rest of the nation was experiencing negative asset growth in banks, Kentucky state-chartered banks realized about 5.7 percent growth in total assets. Kentucky was one of only three states that had positive loan growth for every quarter in 2009.

Kentucky state-chartered credit unions also continue to fare well. Asset growth continues to be positive, despite declines in credit union profitability and some loan losses.

Passed in the 2009 session, House Bill 106 brought Kentucky laws into compliance with the requirements of the federal SAFE Act, which includes additional consumer protection initiatives. Among those, mortgage loan originators and processors are now required to pass national and state test and maintain surety bonds.

Another bill that brought changes in 2009 is House Bill 444, enhancing regulatory oversight of the payday lending industry. DFI is in the process of implementing a real-time database designed to ensure loans comply with state law. The database improves transparency, monitoring and data collection by DFI. The database began operating April 30, 2010.

The Securities Division works diligently to ensure investment companies, broker-dealers and investment advisers operate legally and ethically. The DFI has worked closely with local and federal law enforcement agencies to obtain convictions of individuals who were operating outside of the legal requirements. DFI continues to offer financial literacy to help protect residents of Kentucky from becoming victims of fraud.

Kentucky's ability to weather the economic storm was not happenstance, but rather the by-product of financial industry leaders who abided by rules, implemented reasonable credit underwriting standards, did not accept excessive credit risk and maintained strong capital levels. These principles will serve the Commonwealth well as the recession ends and the economy starts to expand again. As that happens, the DFI will continue to fulfill its mission to provide effective and efficient regulatory oversight of the financial industry in Kentucky, to promote consumer confidence, and to encourage economic opportunities.

Sincerely,



Charles A. Vice
Commissioner



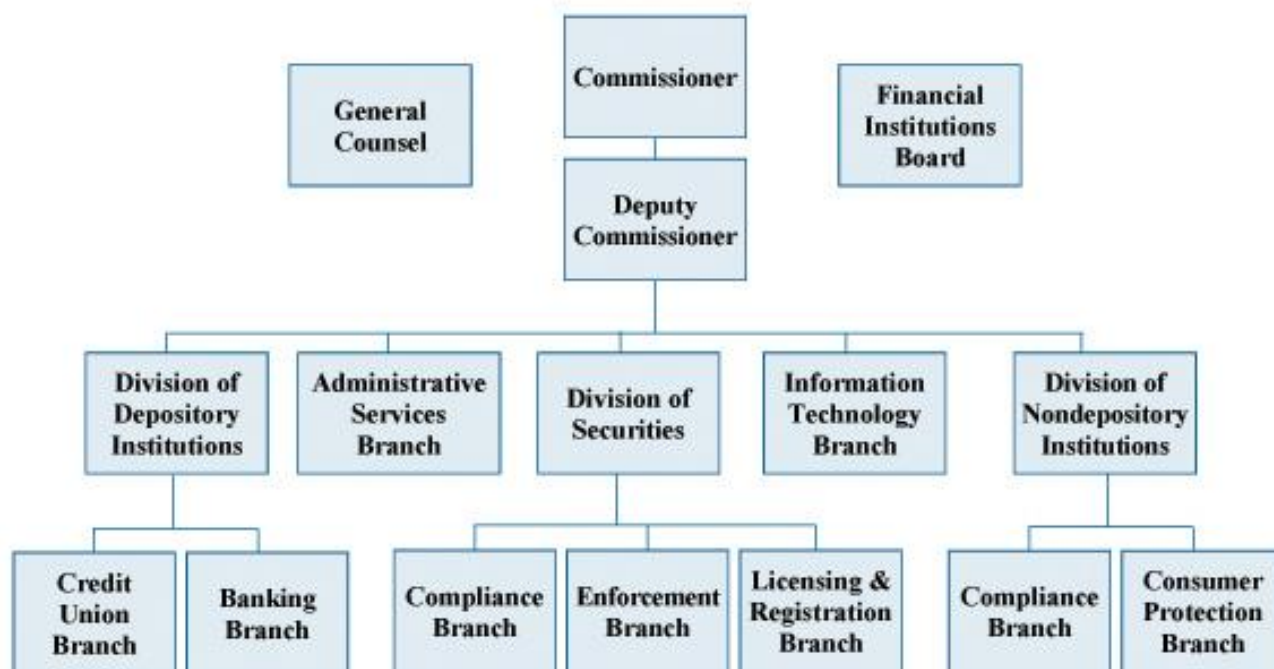
Commissioners 1912-2009

Year	Commissioner	Governor
	<i>(Title was Executive Director from 2004-2007)</i>	
1912	Thomas J. Smith	James B. McCreary
1916	George G. Speer	Augustus O. Stanley
1920	James Lewis	Edwin P. Morrow
1924	Charles E. Marvin	William J. Fields
1928	O. S. Denny	Flem D. Samson
1930	C. S. Wilson	Flem D. Samson
1931	J. R. Dorman	Ruby Laffoon
1935	Hiram Wilhoit	A. B. Chandler
1939	Hiram Wilhoit	Keene Johnson
1943	Hillard H. Smith	Simeon S. Willis
1948	Henry H. Carter	Earle C. Clements
1951	Henry H. Carter	Lawrence W. Wetherby
1955	R. E. Glenn	Lawrence W. Wetherby
1956	S. Albert Phillips	A. B. Chandler
1958	Earle B. Combs	A. B. Chandler
1960	H. A. Rogers	Bert T. Combs
1964	H. A. Rogers	Edward T. Breathitt
1965	G. D. Beach	Edward T. Breathitt
1968	E. G. Adams	Louie B. Nunn
1971	Lenvil R. Hall	Wendell H. Ford
1971	Perry R. Miller (Acting)	Wendell H. Ford
1973	Howard T. Sallee	Wendell H. Ford
1975	John Williams Jr.	Julian M. Carroll
1980	Randall L. Attkisson	John Y. Brown Jr.
1982	Foster Pettit (Acting)	John Y. Brown Jr.
1983	Morris R. Smith	John Y. Brown Jr.
1983	Tracy Farmer (Acting)	John Y. Brown Jr.
1983	Neil Welch (Acting)	John Y. Brown Jr.
1983	Leonard B. Marshall	John Y. Brown Jr.
1984	Ballard W. Cassady Jr.	Martha Layne Collins
1986	Thomas B. Miller	Martha Layne Collins
1988	Edward B. Hatchett Jr.	Wallace G. Wilkinson
1992	Edward B. Hatchett Jr.	Brereton C. Jones
1994	Edward J. Holmes (Acting)	Brereton C. Jones
1995	J. Rick Jones (Acting)	Brereton C. Jones
1996	Larry D. Lander	Paul E. Patton
1997	Ella D. Robinson (Acting)	Paul E. Patton
1998	Arthur L. Freeman	Paul E. Patton
1999	Ella D. Robinson	Paul E. Patton
2004	Tom B. Miller	Ernie Fletcher
2005	Cordell G. Lawrence	Ernie Fletcher
2007	Cordell G. Lawrence	Steven L. Beshear
2008	Charles A. Vice	Steven L. Beshear
2009	Charles A. Vice	Steven L. Beshear

History

The Department of Financial Institutions traces its origin to the Banking Act of 1912, which established the agency initially as the Department of Banking. It was charged with enforcing all laws relating to banks, trust companies, savings banks and combined bank and trust companies organized and doing business under Kentucky laws. The legislature mandated supervision of state-chartered savings and loan associations in 1918 and added state-chartered credit unions in 1922. When oversight of the state's securities industry was given to the agency in mid-1932, the agency was renamed the Department of Banking and Securities. Over the years, other regulatory responsibilities were added, including consumer and industrial loan companies in 1946, companies that sell money orders in 1966, mortgage loan companies and brokers in 1980 and check-cashing companies in 1992. As the agency's scope increased over the years to include other types of financial institutions, its organizational structure and name changed as well, from the Department of Financial Institutions in 1984 to the Office of Financial Institutions in 2004. The name changed back to Department of Financial Institutions with a cabinet reorganization in 2008.

Organizational Structure



NOTE: In November 2009, the Division of Financial Institutions was split into the Division of Depository Institutions and the Division of Nondepository Institutions, and the Consumer Protection Branch was created.

Financial Institutions Board

The Financial Institutions Board is a statutory body that serves in an advisory capacity to the governor and the commissioner of the Department of Financial Institutions. The board consists of representatives of all segments of Kentucky's financial industry and the public at large and is chaired by the commissioner. The definition of the board's duties can be found in KRS 286.1-013.



The board met Sept. 24, 2009, in Bowling Green. From left to right are W. Fred Brashear, Alla Sue Holland, Robert Stafford Jr., Monti Rhea Collins, Charles Vice, Kevin Walsh, Katherine Reese Capps, Frank Ramsey Jr. and Mark Gooch. Charles Beach III, David Beck and William Edward Hesch were unable to attend.

Chairman

Charles A. Vice
Commissioner
Department of
Financial Institutions

Banking Industry

Charles Beach III
Beattyville, Ky.
Appointed Dec. 10, 2007
Term Expires Oct. 10, 2011

W. Fred Brashear II
Hyden, Ky.
Appointed Jan. 9, 2009
Term Expires Oct. 10, 2012

Frank Ramsey Jr.
Madisonville, Ky.
Appointed Jan. 9, 2009
Term Expires Oct. 10, 2012

Katherine Reese Capps
Pineville, Ky.
Appointed Dec. 10, 2007
Term Expires Oct. 10, 2011

Mark A. Gooch
Pikeville, Ky.
Appointed Jan. 9, 2009
Term Expires Oct. 10, 2012

Consumer Finance

Robert I. Stafford Jr.
Corbin, Ky.
Appointed Oct. 9, 2006
Term Expires Oct. 10, 2010

Credit Union Representative

Alla Sue Holland
Fort Wright, Ky.
Appointed Oct. 9, 2006
Term Expires Oct. 10, 2010

Public at Large

Monti Rhea Collins
Benton, Ky.
Appointed Dec. 5, 2005
Term Expires Oct. 10, 2009

David S. Beck
Louisville, Ky.
Appointed Jan. 9, 2009
Term Expires Oct. 10, 2012

William Edward Hesch
Taylor Mill, Ky.
Appointed Dec. 5, 2005
Term Expires Oct. 10, 2009

Securities Industry

Kevin P. Walsh
Walton, Ky.
Appointed Dec. 10, 2007
Term Expires Oct. 10, 2011

Administrative Services Branch

Employees in the Administrative Services Branch provide administrative support to the department in the following areas:

- Facilities management: Frankfort office and field offices in Eddyville, Bowling Green, Louisville and Frankfort
- Fiscal management
- Operations and quality control
- Records management
- Staff development: coordinating employee training, continuing education and examiner certification programs
- Safety Officer
- Budgeting
- Revenue and expenditure analysis
- Personnel

Twelve examiners left or retired in fiscal year 2009. Eight of those positions were filled with new employees. The department is successfully transitioning the duties of those employees who left to existing or new employees. Our emphasis continues to be on recruiting and retaining qualified employees to maintain uninterrupted delivery of services to the industry and the public.

A primary agency goal is to hire, train and maintain a highly informed and capable staff. The department seeks to accomplish this goal through staff development by identifying training needs, developing and delivering agency-specific training, coordinating and/or sharing training and education resources with other state and federal agencies, and assuring equal access to continuing education and training opportunities for all employees.

Through continued innovation and open communication, the department believes its past accomplishments will carry forward into the future and enable this agency to deliver the highest possible quality of training and career development opportunities and employee support services. Also, the agency maintains a presence at career days and job fairs.

As it has for many years, the department maintains a toll-free telephone number. Consumers and industry representatives wanting to speak with a member of the agency's staff are encouraged to call 800-223-2579. Information for consumers, regulated industries and the general public is available on the department's Web site at www.kfi.ky.gov. Business hours are from 8 a.m. to 5 p.m. Eastern time at our main office located at 1025 Capital Center Drive, Suite 200, Frankfort, KY 40601.



Division of Depository Institutions

The Division of Depository Institutions is responsible for chartering and regulating the activities of state-chartered depository financial institutions in Kentucky. The division is divided into the Bank and Credit Union branches.

BANK BRANCH 97TH ANNUAL BANKING REPORT

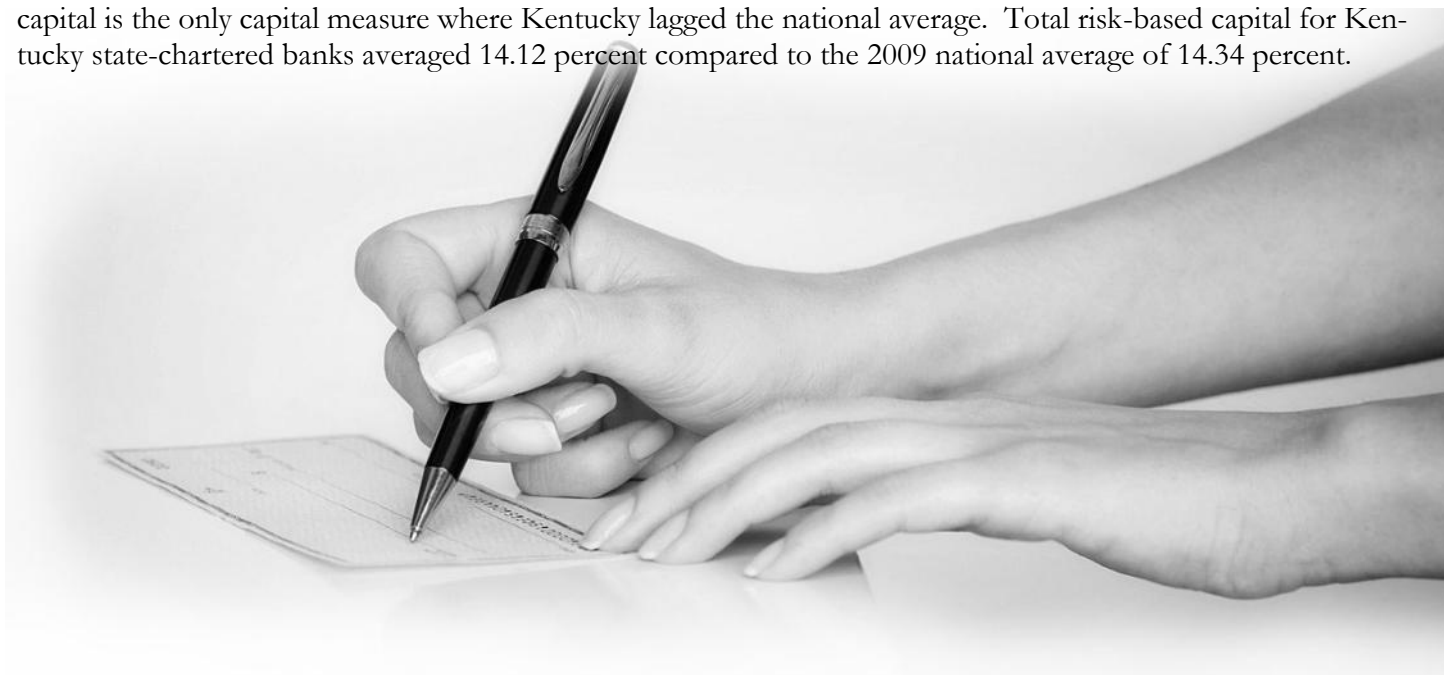
Recent economic indicators signal a mild recovery from the 2008 recession. The worst of the financial crisis in the banking industry appears to be tempered as some recovery has been observed in both the financial and economic markets.

The Bank Branch supervises the activities of 157 Kentucky state-chartered banks, ranging in asset size from \$3.8 billion to \$22 million. Problem banks during this past year continue to be characterized by deterioration in asset quality, primarily as a result of the economy and depressed real estate markets. No state-chartered bank failed in Kentucky during 2009. Kentucky state-chartered banks remain in a relatively stable financial condition. However, problem loan portfolios continue to negatively impact overall performance.

Net income continued to decline in 2009, with a statewide ratio of return on assets (ROA) falling from 0.76 in 2008 to 0.62 in 2009. This income level compares very favorably to the national average of 0.09 percent. A contributing factor to this decline was continued provisions to the allowance for loan and lease losses. The average allowance for loan and lease losses approximated 1.39 percent of the loan portfolio in 2009, compared to 1.24 percent in 2008. While this is a slight increase, the national average for the ratio of the allowance for loan and leases losses to total loans for 2009 was 3.12 percent.

Although the economy in general was contracting, Kentucky state-chartered banks realized approximately 5.7 percent growth in total assets. This overall growth also translated to approximately 3.3 percent growth in total loans. Nationally, growth was negative, with asset growth at approximately -5.3 percent and loan growth at approximately -7.5 percent. Kentucky was one of three states that had positive loan growth for every quarter in 2009.

Capital levels have remained relatively stable for Kentucky banks. The 2009 tier 1 leverage capital position averaged 9.34 percent, which is only a slight decrease from the 2008 levels of 9.37 percent. On a national basis, the average tier 1 leverage capital ratio was 8.65 percent in 2009, up from 7.47 percent in 2008. Total risk-based capital is the only capital measure where Kentucky lagged the national average. Total risk-based capital for Kentucky state-chartered banks averaged 14.12 percent compared to the 2009 national average of 14.34 percent.



State-Chartered Banks

Annual Consolidated Statement of Assets

Year	Total Assets
Sept. 4, 1912	\$110,096,102.83
Sept. 3, 1913	112,556,338.09
Sept. 12, 1914	110,516,100.67
Nov. 10, 1915	110,068,034.26
Aug. 17, 1916	120,217,111.75
Sept. 7, 1917	152,490,422.93
Sept. 5, 1918	175,361,452.29
Sept. 5, 1919	213,365,256.47
Sept. 13, 1920	227,231,768.46
June 30, 1921	220,117,518.15
June 30, 1922	222,284,937.92
June 30, 1923	257,447,342.36
June 30, 1924	260,394,024.52
June 30, 1925	269,730,816.68
June 30, 1926	278,619,057.34
June 30, 1927	308,521,323.67
June 30, 1928	341,300,174.09
June 30, 1929	385,559,868.28
June 30, 1930	364,849,233.33
June 30, 1931	295,881,257.76
June 30, 1932	248,031,078.12
June 30, 1933	231,577,905.49
June 30, 1934	239,624,124.68
June 30, 1935	229,781,437.48
June 30, 1936	250,997,016.66
June 30, 1937	270,699,778.60
June 30, 1938	252,251,968.59
June 30, 1939	266,594,369.49
June 30, 1940	273,977,674.22
June 30, 1941	297,360,610.22
June 30, 1942	340,903,872.17
June 30, 1943	477,658,367.10
June 30, 1944	578,775,786.77
June 30, 1945	904,485,435.10
June 30, 1946	941,787,755.13
June 30, 1947	898,858,508.44
June 30, 1948	932,808,480.54
June 30, 1949	933,714,814.70
June 30, 1950	953,843,874.72
June 30, 1951	1,002,285,106.04
June 30, 1952	1,081,217,820.20
June 30, 1953	1,125,336,205.82
June 30, 1954	1,167,432,270.01
June 30, 1955	1,211,811,536.25
June 30, 1956	1,220,534,082.10
June 30, 1957	1,294,391,352.88
June 30, 1958	1,383,757,204.28
June 30, 1959	1,402,074,237.64
June 30, 1960	1,439,285,742.07
June 30, 1961	1,416,812,042.56

Year	Total Assets
June 30, 1962	1,539,385,203.23
June 30, 1963	1,682,807,021.85
June 30, 1964	1,798,326,242.98
June 30, 1965	1,932,620,428.05
June 30, 1966	2,157,183,512.81
June 30, 1967	2,490,156,359.19
June 30, 1968	2,703,101,033.03
June 30, 1969	3,067,136,736.70
June 30, 1970	3,259,015,862.86
June 30, 1971	3,793,329,845.00
June 30, 1972	4,277,132,990.00
June 30, 1973	4,973,878,479.44
June 30, 1974	5,696,240,528.60
June 30, 1975	6,300,190,296.19
June 30, 1976	6,550,032,000.00
June 30, 1977	7,431,081,000.00
June 30, 1978	8,371,752,000.00
June 30, 1979	9,507,372,000.00
June 30, 1980	10,700,084,000.00
June 30, 1981	11,968,250,000.00
June 30, 1982	12,878,728,000.00
June 30, 1983	13,724,157,000.00
June 30, 1984	15,171,523,000.00
June 30, 1985	16,448,822,000.00
June 30, 1986	17,869,731,000.00
June 30, 1987	19,709,513,000.00
June 30, 1988	20,984,582,000.00
Dec. 31, 1988	22,103,771,000.00
Dec. 31, 1989	23,570,033,000.00
Dec. 31, 1990	25,058,852,000.00
Dec. 31, 1991	24,145,642,000.00
Dec. 31, 1992	23,932,903,000.00
Dec. 31, 1993	24,825,281,000.00
Dec. 31, 1994	26,860,360,000.00
Dec. 31, 1995	26,765,509,000.00
Dec. 31, 1996	28,414,146,000.00
Dec. 31, 1997	24,975,052,000.00
Dec. 31, 1998	25,811,929,000.00
Dec. 31, 1999	26,800,458,000.00
Dec. 31, 2000	29,135,528,000.00
Dec. 31, 2001	31,473,451,000.00
Dec. 31, 2002	28,554,384,000.00
Dec. 31, 2003	29,188,172,000.00
Dec. 31, 2004	32,945,550,000.00
Dec. 31, 2005	34,654,113,000.00
Dec. 31, 2006	36,984,088,000.00
Dec. 31, 2007	39,429,371,000.00
Dec. 31, 2008	41,776,182,000.00
Dec. 31, 2009	\$44,275,101,000.00

State-Chartered Banks

Consolidated Condition and Income Data

	Dec. 31, 2009	Dec. 31, 2008
Number of institutions reporting	157	156
Total employees (full-time equivalent)	11,576	11,711

AGGREGATE CONDITION AND INCOME DATA

(Dollar amounts in millions with the 000s omitted)

Net income (year-to-date)	263	304
Total assets	44,275	41,903
Earning assets	40,753	38,239
Total loans and leases	30,787	29,813
Other real estate owned	249	137
Total deposits	35,269	32,670
Equity capital	4,313	4,091

PERFORMANCE RATIOS (YTD, %)

Yield on earning assets	5.70	6.45
Cost of funding earning assets	1.89	2.60
Net interest margin	3.82	3.85
Noninterest income to avg. earning assets	1.04	1.09
Noninterest expense to avg. earning assets	3.44	3.27
Net charge-offs to loans and leases	0.58	0.42
Credit-loss provision to net charge-offs	133.05	131.54
Net operating income to average assets	0.60	0.89
Retained earnings to average equity	0.85	1.71
Pre-tax return on assets	0.77	0.96
Return on assets	0.62	0.76
Return on equity	6.19	7.57
Percent of unprofitable institutions	13.38	16.03
Percent of institutions with earning gains	43.95	33.97

CONDITION RATIOS (%)

Net loans and leases to assets	68.57	70.26
Loss allowance to:		
Loans and leases	1.39	1.24
Noncurrent loans and leases	60.70	87.85
Noncurrent loans and leases to total loans and leases	2.29	1.42
Nonperforming assets to total assets	2.16	1.34
Core deposits to total liabilities	68.15	68.77
Equity capital to total assets	9.74	9.76
Core capital (leverage) ratio	9.34	9.37
Total capital to risk-weighted assets	14.12	13.93
Gross 1-4 family mortgages to gross assets	24.93	25.43
Gross real estate assets to gross assets	62.28	64.61

State-Chartered Banks and Thrifts

Total Assets

(Dollar amounts in thousands with 000s omitted)

Institution Name	City	Total Assets
Peoples Bank and Trust Company of Clinton County	Albany	\$32,800
Citizens Deposit Bank of Arlington Inc.	Arlington	163,552
Town Square Bank Inc.	Ashland	159,292
Auburn Banking Company	Auburn	62,694
Kentucky Home Bank	Bardstown	98,526
Town and Country Bank and Trust Company	Bardstown	471,505
Wilson and Muir Bank and Trust Company	Bardstown	395,787
Bank of Ohio County Inc.	Beaver Dam	85,129
Bedford Loan and Deposit Bank	Bedford	80,900
Community Financial Services Bank	Benton	464,491
Peoples Bank and Trust Company of Madison County	Berea	418,002
Farmers State Bank	Booneville	51,986
American Bank and Trust Company Inc.	Bowling Green	219,421
Citizens First Bank Inc.	Bowling Green	343,778
South Central Bank of Bowling Green Inc.	Bowling Green	232,052
Meade County Bank	Brandenburg	123,393
Bank of Edmonson County	Brownsville	204,222
Bank of Buffalo	Buffalo	63,228
Citizens Bank of Cumberland County Inc.	Burkesville	80,558
Bank of Cadiz and Trust Company	Cadiz	93,378
United Citizens Bank and Trust Company	Campbellsburg	83,806
Citizens Bank and Trust Company	Campbellsburg	177,928
Taylor County Bank	Campbellsburg	136,921
Farmers and Traders Bank of Campton	Campton	44,981
Bank of Caneyville	Caneyville	43,272
Deposit Bank of Carlisle	Carlisle	69,875
Kentucky-Farmers Bank of Catlettsburg, Ky.	Catlettsburg	154,746
The Cecilian Bank	Cecilia	406,515
King Southern Bank	Chaplin	171,454
Bank of Clarkson	Clarkson	115,404
Clinton Bank	Clinton	50,723
First Community Bank of Western Kentucky Inc.	Clinton	72,658
Bank of Columbia	Columbia	123,780
United Citizens Bank of Southern Kentucky	Columbia	142,632
Hometown Bank of Corbin Inc.	Corbin	127,701
The Bank of Kentucky Inc.	Crestview Hills	1,562,492
The Harrison Deposit Bank and Trust Company	Cynthiana	54,249
Bluegrass Community Bank	Danville	30,202
Dixon Bank	Dixon	69,256
First Citizens Bank	Elizabethtown	301,929
First Federal Savings Bank of Elizabethtown	Elizabethtown	1,216,226
Kentucky Neighborhood Bank	Elizabethtown	118,884
South Central Bank of Hardin County Inc.	Elizabethtown	74,512
Elkton Bank and Trust Company	Elkton	115,204
Farmers Deposit Bank	Eminence	63,324
Heritage Bank Inc.	Erlanger	386,262
United Kentucky Bank of Pendleton County Inc.	Falmouth	29,905

State-Chartered Banks and Thrifts

Total Assets

(Dollar amounts in thousands with 000s omitted)

Institution Name	City	Total Assets
Peoples Bank of Kentucky Inc.	Flemingsburg	\$190,335
First Security Trust Bank Inc.	Florence	125,447
Farmers Bank and Capital Trust Company	Frankfort	591,092
The Bankers' Bank of Kentucky Inc.	Frankfort	52,418
Franklin Bank and Trust Company	Franklin	322,148
Fredonia Valley Bank	Fredonia	69,029
United Bank and Trust Company	Georgetown	735,997
South Central Bank of Barren County Inc.	Glasgow	297,451
The Commercial Bank of Grayson	Grayson	161,704
The Farmers Bank	Hardinsburg	92,402
The Bank of Harlan	Harlan	132,268
Citizens Bank	Hartford	24,054
Commonwealth Community Bank Inc.	Hartford	148,988
Hancock Bank and Trust Company	Hawesville	303,704
1st Trust Bank Inc.	Hazard	109,163
Peoples Bank and Trust Company of Hazard	Hazard	285,934
Ohio Valley Financial Group	Henderson	226,376
The Bank of Henderson Inc.	Henderson	63,631
The Citizens Bank	Hickman	93,809
Bank of Hindman	Hickman	164,951
Planters Bank Inc.	Hopkinsville	495,448
United Southern Bank	Hopkinsville	226,194
Hyden Citizens Bank	Hyden	126,457
Inez Deposit Bank	Inez	111,384
First State Bank	Irvington	140,210
First Security Bank of Kentucky	Island	46,433
Citizens Bank and Trust Co. of Jackson	Jackson	114,237
Bank of Jamestown	Jamestown	156,486
The Kevil Bank	Kevil	28,334
THE BANK - Oldham County Inc.	LaGrange	138,278
Century Bank of Kentucky Inc.	Lawrenceburg	104,381
Lawrenceburg Bank and Trust Company	Lawrenceburg	245,019
Peoples Bank	Lebanon	52,797
Leitchfield Deposit Bank and Trust Company	Leitchfield	97,210
Lewisburg Banking Company	Lewisburg	68,455
American Founders Bank Inc.	Lexington	455,344
Bank of Lexington Inc.	Lexington	131,589
Bank of the Bluegrass and Trust Company	Lexington	228,768
Central Bank and Trust Co.	Lexington	1,640,495
Whitaker Bank	Lexington	1,514,312
Farmers Deposit Bank of Middleburg Inc.	Liberty	47,416
The Casey County Bank Inc.	Liberty	149,629
Louisa Community Bank	Louisa	24,378
Peoples Security Bank	Louisa	49,229
Central Bank of Jefferson County	Louisville	189,080
Commonwealth Bank and Trust Company	Louisville	816,096
Eclipse Bank Inc.	Louisville	114,725

State-Chartered Banks and Thrifts

Total Assets

(Dollar amounts in thousands with 000s omitted)

Institution Name	City	Total Assets
Louisville Community Development Bank	Louisville	\$32,139
PBI Bank	Louisville	1,825,348
Republic Bank and Trust Company	Louisville	3,817,638
River City Bank Inc.	Louisville	242,839
Stock Yards Bank and Trust Company	Louisville	1,773,304
The First Capital Bank of Kentucky	Louisville	437,778
First United Bank and Trust Company	Madisonville	211,112
Magnolia Bank Inc.	Magnolia	125,649
Farmers Bank and Trust Company	Marion	133,258
The Peoples Bank	Marion	32,482
First Guaranty Bank	Martin	60,306
First Kentucky Bank Inc.	Mayfield	360,829
FNB Bank Inc.	Mayfield	191,407
Bank of Maysville	Maysville	110,947
Security Bank and Trust Co.	Maysville	47,251
Jackson County Bank	McKee	139,573
Home Federal Bank Corporation	Middlesboro	342,212
The Farmers Bank of Milton	Milton	154,446
The Monticello Banking Company	Monticello	568,279
The Citizens Bank	Morehead	111,976
United Community Bank of West Kentucky Inc.	Morganfield	136,890
Morgantown Bank and Trust Company Inc.	Morgantown	131,660
Traditional Bank Inc.	Mount Sterling	970,064
Citizens Bank	Mount Vernon	129,122
The Peoples Bank	Mount Washington	85,141
Hart County Bank and Trust Company	Munfordville	27,641
Citizens Bank of Northern Kentucky Inc.	Newport	273,816
The Farmers Bank	Nicholasville	87,649
First Security Bank of Owensboro Inc.	Owensboro	217,597
Independence Bank of Kentucky	Owensboro	882,619
South Central Bank of Daviess County Inc.	Owensboro	193,186
First Farmers Bank and Trust Company	Owenton	109,628
Peoples Bank and Trust Company	Owenton	84,064
Owingsville Banking Company	Owingsville	66,053
The Paducah Bank and Trust Company	Paducah	494,320
Kentucky Bank	Paris	676,239
Community Trust Bank Inc.	Pikeville	3,072,308
First State Financial Inc.	Pineville	404,404
The First Commonwealth Bank of Prestonsburg Inc.	Prestonsburg	181,572
Farmers Bank and Trust Company, Princeton, Ky.	Princeton	103,283
West Point Bank	Radcliff	115,574
Citizens Guaranty Bank	Richmond	127,671
Madison Bank	Richmond	149,986
First and Peoples Bank	Russell	196,246
The Sacramento Deposit Bank	Sacramento	60,641
The Salt Lick Deposit Bank	Salt Lick	83,404
Sebree Deposit Bank	Sebree	22,291

State-Chartered Banks and Thrifts Total Assets

(Dollar amounts in thousands with 000s omitted)

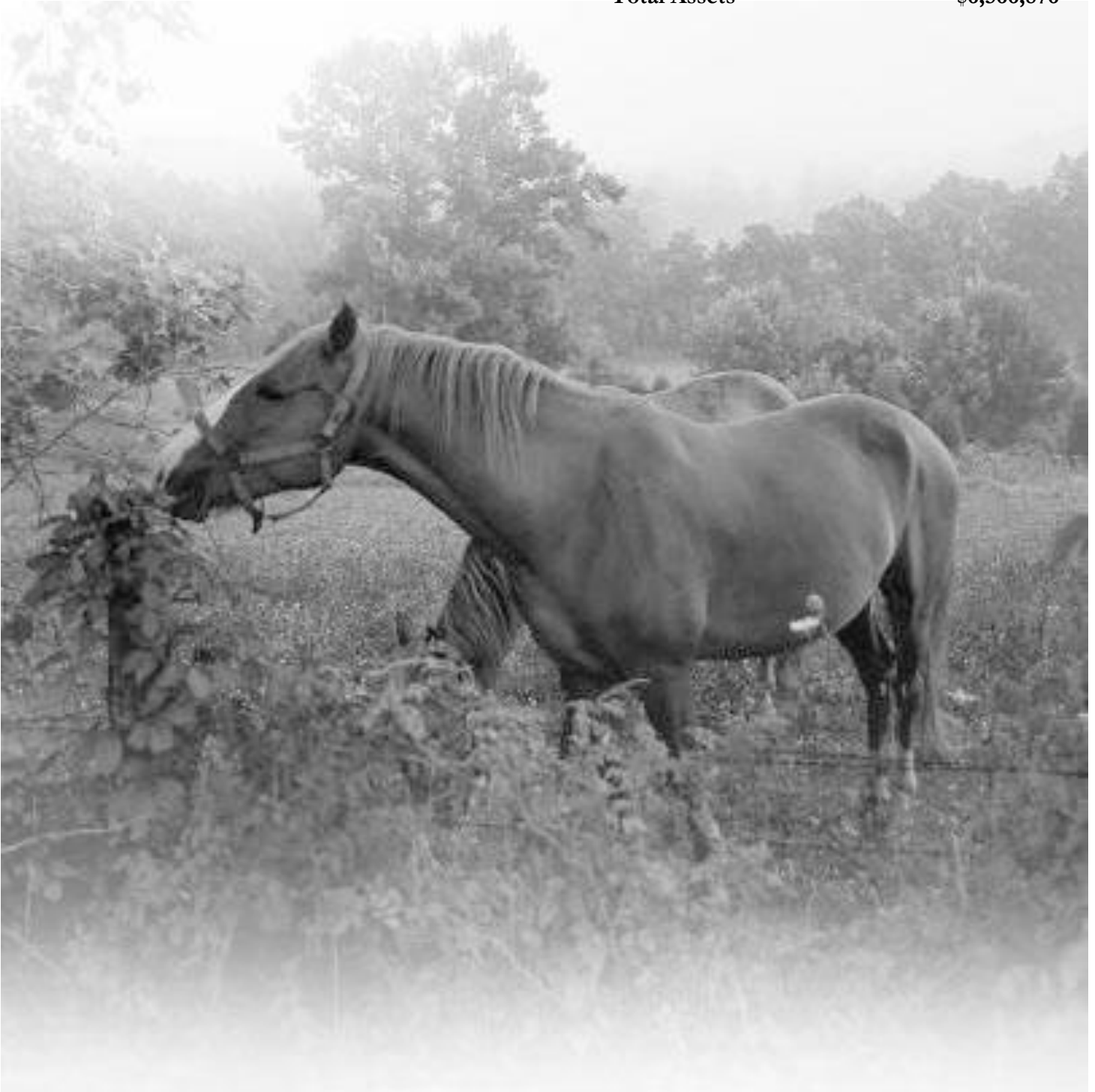
Institution Name	City	Total Assets
Citizens Union Bank of Shelbyville	Shelbyville	\$715,927
The Peoples Bank of Bullitt County	Shepherdsville	194,749
Cumberland Security Bank Inc.	Somerset	169,815
Springfield State Bank	Springfield	224,239
PBK Bank Inc.	Stanford	117,297
Peoples Exchange Bank	Stanton	313,666
The Peoples Bank	Taylorsville	102,008
Edmonton State Bank	Tompkinsville	404,248
South Central Bank of Monroe County	Tompkinsville	117,528
Citizens Deposit Bank and Trust	Vanceburg	123,449
First Community Bank	Vanceburg	23,931
Bank of the Mountains Inc.	West Liberty	64,737
Commercial Bank	West Liberty	125,727
Bank of McCreary County	Whitley City	133,110
Grant County Deposit Bank	Williamstown	90,767
Alliance Banking Company	Winchester	59,241



State-Chartered Independent Trust Companies

(Dollar amounts in thousands with 000s omitted)

Institution Name	City	Trust Assets Dec. 31, 2009
Kentucky Trust Company	Danville	\$389,908
Community Trust and Investment Company	Lexington	1,148,208
1st Kentucky Trust	Louisville	291,392
Glenview Trust Company	Louisville	2,544,687
Hilliard Lyons Trust Company	Louisville	2,192,243
Louisville Trust Company	Louisville	438
	Total Assets	\$6,566,876



State Bank Trust Departments Trust Assets

(Dollar amounts in thousands with 000s omitted)

Institution Name	City	Total Trust Assets
Town and Country Bank and Trust Company	Bardstown	\$236,314
Wilson and Muir Bank and Trust Company	Bardstown	115
Community Financial Services Bank	Benton	938
Bank of Cadiz and Trust Company	Cadiz	8,456
Deposit Bank of Carlisle	Carlisle	335
Kentucky-Farmers Bank of Catlettsburg, Ky.	Catlettsburg	37,547
Clinton Bank	Clinton	2,203
The Bank of Kentucky Inc.	Crestview Hills	245,795
The Harrison Deposit Bank and Trust Company	Cynthiana	1,634
First Citizens Bank	Elizabethtown	143,632
Elkton Bank and Trust Company	Elkton	7,237
Peoples Bank of Kentucky Inc.	Flemingsburg	5,377
Farmers Bank and Capital Trust Company	Frankfort	255,577
Franklin Bank and Trust Company	Franklin	183
The Bank of Harlan	Harlan	1,840
Commonwealth Community Bank Inc.	Hartford	3,422
Hancock Bank and Trust Company	Hawesville	10,887
Peoples Bank and Trust Company of Hazard	Hazard	4,528
Ohio Valley Financial Group	Henderson	268,581
The Citizens Bank	Hickman	2,407
Planters Bank Inc.	Hopkinsville	104,330
First Security Bank of Kentucky	Island	921
Citizens Bank and Trust Co. of Jackson	Jackson	6,864
Bank of the Bluegrass and Trust Company	Lexington	81,554
Central Bank and Trust Co.	Lexington	686,923
Whitaker Bank	Lexington	126
Commonwealth Bank and Trust Company	Louisville	799,184
PBI Bank	Louisville	256,747
Republic Bank and Trust Company	Louisville	312,716
Stock Yards Bank and Trust Company	Louisville	1,474,555
First United Bank and Trust Company	Madisonville	12,401
Farmers Bank and Trust Company	Marion	182
Bank of Maysville	Maysville	16,139
The Monticello Banking Company	Monticello	59,844
United Community Bank of West Kentucky Inc.	Morganfield	3,675
Morgantown Bank and Trust Company Inc.	Morgantown	4,179
Hart County Bank and Trust Company	Munfordville	2,183
Citizens Bank of Northern Kentucky Inc.	Newport	28,503
Independence Bank of Kentucky	Owensboro	242,164
Peoples Bank and Trust Company	Owenton	710
The Paducah Bank and Trust Company	Paducah	107,984
Kentucky Bank	Paris	85,482
Community Trust Bank Inc.	Pikeville	70,315
Farmers Bank and Trust Company, Princeton, Ky.	Princeton	10,737

State Bank Trust Departments Trust Assets

(Dollar amounts in thousands with 000s omitted)

Institution Name	City	Total Trust Assets
Citizens Union Bank of Shelbyville	Shelbyville	\$1,368
Cumberland Security Bank Inc.	Somerset	15,304
United Bank and Trust Company	Versailles	3
Grant County Deposit Bank	Williamstown	2,389
	Total Trust Assets	\$5,624,490

2009 New Bank Charter



NEW CHARTERS

3/11/09

Bluegrass Community Bank, Danville, Ky.

Bluegrass Community Bank President and CEO Douglas Ayers, left, stands in front of the bank with DFI Commissioner Charles Vice, center, and examiner Tim Meador.

CREDIT UNION BRANCH

76th ANNUAL CREDIT UNION REPORT

Overall, Kentucky state-chartered credit unions are safe and sound. Despite a national financial crisis, declines in the national economy and losses in the corporate credit union system, Kentucky state-chartered credit unions have performed well.

The Credit Union Branch supervises the activities of 26 Kentucky state-chartered credit unions, ranging in asset size from \$652,807 to \$881,251,306. The total assets under supervision by the Credit Union Branch are \$1,696,545,863. Total asset growth was at 10.20 percent, but down slightly from the previous year's growth of 10.98 percent.

Kentucky state-chartered credit unions remain financially strong. However, declines occurred in the net worth ratio and the return on average assets ratio. Loan losses have increased, and the net charge-offs to average loans ratio of 1.06 percent is at the highest point for at least the past 11 years. The losses in the credit card portfolio have escalated to 3.23 percent.

The net long-term asset ratio has steadily increased and is currently at 23.02 percent. While this ratio is below the national level, this represents a potential increase in interest rate risk exposure.

Loan growth for credit unions continues to be in real estate, which accounts for 46.98 percent of total loans. Total fixed-rate real estate loans have increased to 31.64 percent of total loans, as compared to the previous year's 22.36 percent.



State-Chartered Credit Unions

Annual Consolidated Statement of Assets

Year	Total Assets	Year	Total Assets
June 30, 1934	\$391,943	June 30, 1973.....	91,221,819
June 30, 1935	725,535	June 30, 1974.....	100,937,750
June 30, 1936	1,249,342	June 30, 1975.....	113,438,105
June 30, 1937	1,660,520	June 30, 1976.....	129,079,696
June 30, 1938	1,696,127	June 30, 1977.....	147,094,455
June 30, 1939	2,057,015	June 30, 1978.....	169,281,627
June 30, 1940	*	June 30, 1979.....	176,261,333
June 30, 1941	3,146,257	June 30, 1980.....	170,888,349
June 30, 1942	3,251,825	June 30, 1981.....	198,916,832
June 30, 1943	2,982,267	June 30, 1982.....	190,721,775
June 30, 1944	3,088,248	June 30, 1983.....	226,257,290
June 30, 1945	3,505,257	June 30, 1984.....	270,077,766
June 30, 1946	4,144,653	June 30, 1985.....	324,359,567
June 30, 1947	4,995,675	June 30, 1986.....	465,930,836
June 30, 1948	6,083,221	June 30, 1987.....	534,721,314
June 30, 1949	7,107,044	June 30, 1988.....	522,854,417
June 30, 1950	8,334,194	Dec. 31, 1988	486,976,000
June 30, 1951	8,179,622	Dec. 31, 1989	482,857,000
June 30, 1952	10,516,625	Dec. 31, 1990	509,758,691
June 30, 1953	12,623,784	Dec. 31, 1991	554,628,084
June 30, 1954	14,781,357	Dec. 31, 1992	610,893,902
June 30, 1955	16,702,656	Dec. 31, 1993	643,540,808
June 30, 1956	19,107,017	Dec. 31, 1994	670,077,079
June 30, 1957	21,437,514	Dec. 31, 1995	697,585,006
June 30, 1958	23,623,385	Dec. 31, 1996	726,727,477
June 30, 1959	26,447,334	Dec. 31, 1997	782,580,308
June 30, 1960	27,979,449	Dec. 31, 1998	855,559,615
June 30, 1961	29,357,256	Dec. 31, 1999	897,712,452
June 30, 1962	31,739,280	Dec. 31, 2000	957,541,750
June 30, 1963	34,501,791	Dec. 31, 2001	1,081,872,980
June 30, 1964	39,301,082	Dec. 31, 2002	1,157,171,468
June 30, 1965	43,391,089	Dec. 31, 2003	1,246,656,550
June 30, 1966	46,430,845	Dec. 31, 2004	1,273,660,697
June 30, 1967	50,065,518	Dec. 31, 2005	1,273,328,540
June 30, 1968	53,669,699	Dec. 31, 2006	1,304,569,417
June 30, 1969	58,409,409	Dec. 31, 2007	1,387,214,179
June 30, 1970	64,297,546	Dec. 31, 2008	1,539,537,367
June 30, 1971	71,728,169	Dec. 31, 2009	\$1,696,545,863
June 30, 1972	81,246,995		

** No records are available for 1940*

State-Chartered Credit Unions

Selected Composite Operating Ratios

	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09
CAPITAL ADEQUACY					
Net Worth/Total Assets	15.75	16.16	16.15	15.26	13.92
Net Worth/Total Assets—Including Optional Total Assets Election (if used)	15.75	16.16	16.15	15.26	13.92
Total Delinquent Loans/Net Worth	4.95	3.84	3.87	5.00	4.06
Solvency Evaluation (Estimated)	118.79	119.52	119.54	118.28	116.76
Classified Assets (Estimated)/Net Worth	4.05	3.94	3.65	3.44	4.58
ASSET QUALITY					
Delinquent Loans/Total Loans	1.17	0.93	0.95	1.25	0.98
Net Charge-Offs/Average Loans	0.73	0.70	0.58	0.79	1.06
Fair (Market) Held to Maturity Investment Value/Book Value Held to Maturity Investments	98.36	98.92	99.73	103.65	100.59
Accumulated Unrealized Gain or Loss on Available For Sale/Cost of Available for Sale	-2.05	-0.41	1.34	1.54	0.55
Delinquent Loans/Assets	0.78	0.62	0.63	0.76	0.57
EARNINGS					
Return On Average Assets	0.82	0.92	1.08	0.76	0.35
Return On Average Assets Before NCUSIF Stabilization Income/Expense	N/A	N/A	N/A	N/A	0.10
Gross Income/Average Assets	6.71	7.43	7.92	7.49	6.40
Yield on Average Loans	6.97	7.26	7.63	7.57	7.10
Yield on Average Investments	2.89	4.06	4.77	4.15	2.76
Fee and Other Operating Income/Average Assets	1.30	1.42	1.48	1.38	1.21
Cost of Funds/Average Assets	1.82	2.41	2.74	2.47	1.76
Net Margin/Average Assets	4.89	5.02	5.17	5.02	4.64
Operating Exp./Average Assets	3.53	3.61	3.70	3.79	3.62
Provision For Loan and Lease Losses/Average Assets	0.55	0.49	0.38	0.48	0.79
Net Interest Margin/Average Assets	3.59	3.60	3.69	3.64	3.43
Operating Expenses/Gross Income	52.52	48.59	46.78	50.58	56.54
Fixed Assets and Foreclosed and Repossessed Assets /Total Assets *	2.37	2.35	2.42	2.46	2.40
Net Operating Expenses/Average Assets	2.64	2.64	2.71	2.93	2.86

* For periods before 2004, the Fixed Assets and Foreclosed and Repossessed assets did not include repossessed vehicles.

State-Chartered Credit Unions

Selected Composite Operating Ratios

	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09
ASSET/LIABILITY MANAGEMENT					
Net Long-Term Assets/Total Assets	15.03	16.14	18.53	18.78	23.02
Regular Shares/Total Shares and Borrowings	54.36	49.32	43.99	47.61	47.11
Total Loans/Total Shares	79.85	81.11	79.12	72.56	68.76
Total Loans/Total Assets	66.68	67.13	65.60	60.92	57.44
Cash + Short-Term Investments/Assets	16.27	16.41	16.77	19.31	19.99
Total Shares, Deposits and Borrowings/Earning Assets	87.90	87.40	87.02	88.09	89.53
Regular Shares + Share Drafts/Total Shares and Borrowings	63.66	58.92	53.14	53.51	52.78
Borrowings/Total Shares and Net Worth	0.22	0.44	0.00	0.01	1.86
PRODUCTIVITY					
Members/Potential Members	17.36	17.15	17.23	16.85	16.94
Borrowers/Members	62.92	63.15	63.10	64.85	61.73
Members/Full-Time Employees	405.68	407.19	397.49	377.32	383.53
Average Shares Per Member	\$4,922	\$4,979	\$5,285	\$6,140	\$6,706
Average Loan Balance	\$6,247	\$6,395	\$6,627	\$6,870	\$7,470
Salary And Benefits/Full-Time Employees	\$47,030	\$50,119	\$52,888	\$54,371	\$57,472
OTHER RATIOS					
Net Worth Growth	5.54	5.13	6.26	4.87	0.55
Market (Share) Growth	-1.03	1.53	6.54	12.38	9.64
Loan Growth	4.89	3.14	3.92	3.07	3.89
Asset Growth	-0.03	2.45	6.34	10.98	10.20
Investment Growth	-9.97	0.60	12.53	28.60	21.37
Membership Growth	-0.24	0.37	0.37	-3.25	0.37

State-Chartered Credit Unions Report of Condition

Charter	Name	City	Year Opened	Total Assets
60883	Beacon Community	Louisville	1947	\$39,891,336
61123	Louisville Gas and Electric Company	Louisville	1934	27,376,498
61166	Fancy Farm	Fancy Farm	1957	7,883,113
61204	B.C.B.S.	Louisville	1952	6,236,305
61316	Tarcana	Louisville	1936	2,950,438
61437	Commonwealth	Frankfort	1951	881,251,306
61693	Rural Cooperatives	Louisville	1964	37,492,530
61738	Paducah City Employees	Paducah	1961	2,484,587
61772	Louisville Metro Police Officers	Louisville	1942	13,762,972
61792	Ashland	Ashland	1942	160,364,233
62026	Members Choice	Ashland	1932	142,939,495
62089	Kitco Employees	Louisville	1944	2,943,676
62228	Greater Kentucky Credit Union	Lexington	1953	60,235,257
62303	Letcher County Teachers	Whitesburg	1964	1,039,366
62358	Kemba Louisville	Louisville	1934	44,734,414
62370	Lexington Postal	Lexington	1928	16,710,867
62389	Berea	Berea	1923	1,286,000
62431	Kentucky Employees	Frankfort	1938	53,748,328
62432	Whitesville Community	Whitesville	1962	16,390,564
62433	Louisville Federal	Louisville	1924	32,280,687
62482	Brown-Forman Employees	Louisville	1936	8,973,833
62484	Service One	Bowling Green	1963	101,766,425
62490	Muhlenberg Community Hospital	Greenville	1961	652,807
62559	Alcan Employees	Louisville	1948	1,781,875
62587	C&O United	Edgewood	1928	15,587,146
63058	Metro Employees	Lexington	1940	15,781,805
Total				\$1,696,545,863

Division of Nondepository Institutions

The Division of Nondepository Institutions was created by executive order reorganizing the agency, effective Nov. 6, 2009. The division is responsible for regulating consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, mortgage loan originators and processors, check cashers/deferred deposit companies/payday lenders, title pledge lenders, and money transmitters. The Division of Nondepository Institutions licenses entities, registers individuals, examines companies and investigates complaints and suspicious activity. The division also provides educational materials and outreach to protect consumers from financial fraud. The division's responsibilities are strategically divided into two branches: Compliance and Consumer Protection.

The Nondepository Division is staffed with 10 examiners and two investigators. The examiners are highly trained and attend various conferences and continuing education schools related to their specialty fields. The continuing education and conferences provide timely updates to the Compliance Branch staff on the changes in laws and regulations, both federal and state.

CONSUMER PROTECTION BRANCH 1ST ANNUAL CONSUMER PROTECTION REPORT

While consumer protection has long been a part of the mission, vision and values of the department, 2009 marks the first year that the agency organizationally created a branch dedicated to this purpose. The mission of the Consumer Protection Branch is to enhance public protection and consumer education. The branch handles consumer complaints on depository and nondepository regulated industries (such as mortgage lenders, payday lenders, banks and credit unions) and investigates complaints and concerns that arise during examination. The branch may identify, investigate and take action against those companies and individuals who are perpetrating financial crimes and unethical behavior against Kentucky citizens. The number and type of complaints received are as follows:

Nondepository License Type	Complaints 2009	Complaints 2008
Mortgage Companies	42	68
Mortgage Brokers	91	124
Payday Lenders	37	27
Consumer Loan Companies	30	68
Industrial Loan Companies	0	0
Sale of Checks/Money Transmitters	0	0
HUD Mortgage Brokers/Companies	52	52
Total	252	339

Depository License Type	Complaints 2009	Complaints 2008
Banks	52	39
Credit Unions	7	11

COMPLIANCE BRANCH

13TH ANNUAL COMPLIANCE REPORT

The Compliance Branch licenses and regulates mortgage companies and brokers, mortgage loan originators and processors, check cashers/deferred deposit companies/payday lenders, title pledge lenders, consumer and industrial loan companies, and money transmitters. As of Dec. 31, 2009, the branch supervised 1,761 licensees and 2,333 individual mortgage loan officers. All mortgage entities and individuals must use the Nationwide Mortgage Licensing System (NMLS) for licensing and registration. Exempt companies do not have to use NMLS, however the individuals working for exempt companies must use NMLS. The number and type of licenses/registrations regulated by the Compliance Branch are as follows:

License Type	Dec. 31, 2009	Dec. 31, 2008
Mortgage Companies	394	296
Mortgage Brokers	227	263
Check Cashers	739	781
Consumer Loan Companies	325	349
Industrial Loan Companies	32	49
Money Transmitters	44	39
Total	1,761	1,777

Registration Type	Dec. 31, 2009	Dec. 31, 2008
Loan Officers/Processors	2,333	2,297

House Bill 106, signed in 2009, increased the requirements of mortgage loan originators and processors. In order to enhance consumer protection, mortgage individuals are now required to pass national and state tests and maintain surety bonds, among other provisions. House Bill 106 brings Kentucky into compliance with the federal Secure and Fair Enforcement of Mortgage Licensing Act, also known as the SAFE Act.



Gov. Beshear (seated) signed House Bill 106 into law in 2009. Present, from left to right, were: Jessica Sharpe, Ambrose Wilson IV, Public Protection Cabinet Secretary Robert Vance, David Reichert, Rep. Tommy Thompson, David Coyle, Charles Vice, Chris Thompson and Kelly May.

House Bill 444 of 2009 modified the statute governing payday lenders. The branch has implemented a real-time database providing additional enforcement tools for DFI. The statewide database is designed to track every loan and to ensure the loan complies with state law. The database began operating April 30, 2010, and improves transparency, monitoring and data collection by the state.

In 2009, the Compliance Branch staff completed a total of 1,242 examinations. The branch assessed a total of \$243,500 in fines. In accordance with Kentucky statute, check cashers, consumer loan and industrial loan companies are examined annually by the Compliance Branch. Mortgage companies, mortgage brokers and money transmitters are typically examined every 18 to 24 months, however, the frequency is not mandated by statute. The number and type of examinations performed by the Compliance Branch are as follows:

Examination Type	Dec. 31, 2009	Dec. 31, 2008
Mortgage Companies	65	47
Mortgage Brokers	87	125
Check Cashers	726	773
Consumer Loan Companies	318	348
Industrial Loan Companies	32	57
Money Transmitters	14	16
Total	1,242	1,366



Consumer Loan Companies

Annual Consolidated Statement of Assets

Year	Total Assets	Year	Total Assets
Dec. 31, 1970.....	\$215,167,905	Dec. 31, 1990.....	696,270,222
Dec. 31, 1971.....	226,157,998	Dec. 31, 1991.....	730,091,564
Dec. 31, 1972.....	239,477,617	Dec. 31, 1992.....	761,442,628
Dec. 31, 1973.....	245,215,588	Dec. 31, 1993.....	822,215,474
Dec. 31, 1974.....	229,683,167	Dec. 31, 1994.....	852,349,610
Dec. 31, 1975.....	208,570,020	Dec. 31, 1995.....	842,469,339
Dec. 31, 1976.....	211,463,297	Dec. 31, 1996.....	892,877,819
Dec. 31, 1977.....	239,296,246	Dec. 31, 1997.....	690,503,783
Dec. 31, 1978.....	268,373,094	Dec. 31, 1998.....	675,952,908
Dec. 31, 1979.....	293,273,325	Dec. 31, 1999.....	728,313,360
Dec. 31, 1980.....	259,294,136	Dec. 31, 2000.....	715,191,067
Dec. 31, 1981.....	211,028,452	Dec. 31, 2001.....	587,058,850
Dec. 31, 1982.....	232,543,585	Dec. 31, 2002.....	641,252,164
Dec. 31, 1983.....	321,540,852	Dec. 31, 2003.....	684,177,846
Dec. 31, 1984.....	382,601,061	Dec. 31, 2004.....	739,568,188
Dec. 31, 1985.....	421,405,340	Dec. 31, 2005.....	871,268,224
Dec. 31, 1986.....	493,127,698	Dec. 31, 2006.....	994,264,130
Dec. 31, 1987.....	566,180,285	Dec. 31, 2007.....	972,275,768
Dec. 31, 1988.....	640,725,342	Dec. 31, 2008.....	884,938,008
Dec. 31, 1989.....	667,957,592	Dec. 31, 2009.....	\$797,658,411

Consumer Loan Companies

Consolidated Report of Condition

	Dec. 31, 2009	Change	Dec. 31, 2008
Total Consumer Loan Companies	324		349
ASSETS			
Cash and Due from Depositor Institutions	6,145,629	15.74%	5,309,745
Total Loans Receivable, (Net of Unearned Interest and Reserves)	742,521,359	-10.50%	829,624,351
Premises and Fixed Assets (Net of Depreciation)	5,503,946	-20.21%	6,898,363
Deferred Charges and Prepaid Expenses	1,056,355	-31.39%	1,539,720
Other Assets Used in Consumer Loan Business	42,431,122	2.08%	41,565,829
Total Assets Used in Consumer Loan Business	797,658,411	-9.86%	884,938,008
LIABILITIES and CAPITAL or NET WORTH			
Total Liabilities	420,032,056	-40.33%	703,920,141
Total Capital	162,209,786	-10.39%	181,017,867
Total Liabilities and Capital or Net Worth	582,241,842	-34.21%	884,938,008
Residential Real Estate Loans > \$15,000	599,602,912	-17.21%	724,258,185

Industrial Loan Companies

Annual Consolidated Statement of Assets

Year	Total Assets	Year	Total Assets
June 29, 1946.....	\$432,786	June 30, 1984.....	45,051,556
June 30, 1947.....	843,587	June 30, 1985.....	61,357,110
June 30, 1948.....	1,207,448	June 30, 1986.....	47,118,841
June 30, 1949.....	998,520	June 30, 1987.....	19,930,854
June 30, 1950.....	725,995	June 30, 1988.....	3,579,048
June 30, 1951.....	1,002,486	Dec. 31, 1988.....	33,707,258
June 30, 1952.....	1,260,935	Dec. 31, 1989.....	66,185,013
June 30, 1953.....	1,197,125	Dec. 31, 1990.....	60,216,163
June 30, 1954.....	1,145,154	Dec. 31, 1991.....	93,265,336
June 30, 1955.....	1,337,078	Dec. 31, 1992.....	70,626,327
June 30, 1956.....	3,351,255	Dec. 31, 1993.....	36,242,155
June 29, 1957.....	6,674,101	Dec. 31, 1994.....	17,161,759
June 30, 1958.....	7,624,233	Dec. 31, 1995.....	13,559,113
June 30, 1959.....	12,027,595	Dec. 31, 1996.....	13,841,777
June 30, 1960.....	25,016,928	Dec. 31, 1997.....	13,346,139
June 30, 1961.....	29,533,306	Dec. 31, 1998.....	8,854,581
June 30, 1962.....	38,986,576	Dec. 31, 1999.....	3,184,487
June 29, 1963.....	47,926,026	Dec. 31, 2000.....	12,700,424
June 30, 1964.....	62,498,295	Dec. 31, 2001.....	12,013,001
June 30, 1965.....	74,443,666	Dec. 31, 2002.....	16,861,557
June 30, 1966.....	83,269,104	Dec. 31, 2003.....	7,106,807
June 30, 1967.....	92,253,814	Dec. 31, 2004.....	7,727,195
June 30, 1968.....	106,979,831	Dec. 31, 2005.....	22,308,961
June 30, 1969.....	118,607,417	Dec. 31, 2006.....	23,315,243
June 30, 1970.....	128,303,693	Dec. 31, 2007.....	20,195,678
June 30, 1971.....	130,666,763	Dec. 31, 2008.....	11,036,427
June 30, 1972.....	144,585,041	Dec. 31, 2009.....	\$5,588,023
June 30, 1973.....	182,173,895		
June 30, 1974.....	212,063,191		
June 30, 1975.....	203,572,673		
June 30, 1976.....	208,046,246		
June 30, 1977.....	224,959,496		
June 30, 1978.....	238,484,239		
June 30, 1979.....	268,877,377		
June 30, 1980.....	254,058,175		
June 30, 1981.....	255,953,218		
June 30, 1982.....	165,942,225		
June 30, 1983.....	69,058,748		

Industrial Loan Companies

Consolidated Report of Condition

	Dec. 31, 2009	Change	Dec. 31, 2008
Total Industrial Loan Companies	35		49

ASSETS

Cash on hand	0	0.00%	0
Cash in Depository Institutions	0	0.00%	0
Industrial Loans	0	-100.00%	1,181,657
Other Loans	5,810,622	-46.25%	10,810,136
Total Loans	5,810,622	-51.55%	11,991,793
Less: Unearned Interest	3,119	-21.50%	3,973
Reserve for Loan Loss	243,469	-76.28%	1,026,422
Loans, Net of Unearned Interest and Reserves	5,564,034	-49.24%	10,961,398
Premises and Fixed Assets	0	NA	0
Other Assets	23,989	-68.03%	75,029
Total Assets	5,588,023	-49.37%	11,036,427

LIABILITIES

Certificates of Investment	0	0.00%	0
Other Borrowed Money	5,543,546	-33.72%	8,364,024
Other Liabilities	0	-100.00%	27,599
Total Liabilities	5,543,546	-33.94%	8,391,623

EQUITY CAPITAL

Capital Stock	0	-100.00%	1,102,100
Surplus and Undivided Profits	0	-100.00%	1,199,105
Current Earnings	44,477	-87.06%	343,599
Total Equity Capital	44,477	-98.32%	2,644,804
Total Liabilities and Equity Capital	5,588,023	-49.37%	11,036,427

Division of Securities

24TH ANNUAL SECURITIES REPORT

The year 2009 involved an extensive review of the events contributing to the financial crisis in the securities industry. One question repeated: “How did we get here?” Pondering that question yielded multi-faceted answers, but one message that resonated: financial reform is needed. Lawmakers, federal and state securities regulators, and industry representatives zealously discussed policy proposals and enhanced regulatory measures all designed to safeguard investors from further unscrupulous and often fraudulent investment activities. Inherent in these discussions and revamped legislation is the recognition that the role of state regulators is a vital first line of defense in protecting investors.

The mission of the Division of Securities is to 1) protect investors through the active implementation and application of Kentucky’s securities laws in order to prevent investment fraud and related illegal conduct, and by taking remedial action, when possible, to mitigate the harm done to the investor, 2) educate the investing public about investment matters and making informed investment decisions, and 3) provide investor protection without undue burden on the capital formation process.

To fulfill its investor protection mission, the Division of Securities performs a variety of functions intended to ensure that securities transactions are in compliance with the Kentucky Securities Act, and that investors have the necessary material information with which to make informed investment decisions and select securities professionals with whom to entrust their money. These functions include:

- **Licensing** – Employees in the Licensing and Registration Branch process applications for the registration of broker-dealers, investment advisers and their licensed employees. The licensing staff can deny the applications of firms and individuals who do not meet the requirements of the Kentucky securities laws. The licensing staff also responds to inquiries from the public concerning investment adviser or broker licensing status and disciplinary history.
- **Corporation Finance** – The corporation finance staff in the Licensing and Registration Branch process applications for the registration or exemption from registration of securities to be offered and sold in the Commonwealth. The staff also processes notice filings by issuers of federally covered securities such as mutual funds. In addition, the corporation finance staff answers questions from the general public about the requirements for selling securities in Kentucky.
- **Compliance** – Examiners in the Compliance Branch perform announced and unannounced examinations of broker-dealers, investment advisers and issuers and their respective agents to determine compliance with Kentucky securities laws. Examiners also assist DFI’s legal staff with administrative and civil actions the department may pursue against violators of the Securities Act.
- **Enforcement** – Investigators in the Enforcement Branch investigate allegations of securities fraud and potential illegal conduct. In coordination with DFI’s legal staff, the investigators assist with administrative and civil actions the department may pursue against alleged violators of the Securities Act. In addition, division investigators work closely with outside law enforcement agencies and assist securities investigators from sister states. The most serious cases are referred by the division to state and federal authorities for criminal prosecution.

The Securities Division supports the DFI staff in performing educational outreach to school students and community groups about saving and investing, participates in financial literacy forums across the Commonwealth, and distributes informational brochures on financial matters through public libraries, county cooperative extension agencies and other public venues.

Investment Advisers Headquartered in Kentucky

Name	City
Archer Financial Planning LLC	Louisville
Aristides Capital LLC	Lexington
Arsenal Investment Advisors LLC	Louisville
Beck Financial Management LLC	Florence
Bluegrass Capital Advisors LLC	Louisville
Capital Asset Management Corporation	Louisville
Capital Investment Management Inc.	Leitchfield
Carroll D. Sponcil	Louisville
Cashel Financial Advisers LLC	Louisville
Christina Vittitow O'Bryan, CFP	Owensboro
Churchill Financial LLC	Louisville
Civello Investment Advisory	Lebanon Junction
Clear Trace LLC	Pee wee Valley
Coats Financial Planning Inc.	Louisville
Commonwealth Financial Advisors LLC	Louisville
Cox Planning Services PLLC	Paducah
Dynamic Management Systems	Henderson
E. Thomas and Associates Inc.	Williamstown
EDC Financial Services LLC	Lexington
Eitel Investment Management	Louisville
Farris Capital Management	Lexington
Federal Hill Capital Management LLC	Bardstown
Financial Architects Inc.	Louisville
Financial Services Advisory	Louisville
Flynn Capital Advisors Inc.	Prospect
Focus on Success LLC	Fort Mitchell
Foster Investment Services LLC	Paris
Garton and Associates Financial Advisors LLC	Louisville
Geary Investment Services	Louisville
Godby Wealth Management Inc.	Somerset
Harvey R. Little Jr.	Berea
Heritage Financial Group Inc.	Paducah
Highland Financial Management Inc.	Elizabethtown
IDP Financial Group LLC	Frankfort
Invest Inc.	Lexington
Investment Research Advisory Corp.	Louisville
Jesse Investment Advisors LLC	Louisville
Keepsake Management Inc.	Lexington
Key Market Research LLC	Louisville
Lawrence J. Botzman, CFP	Somerset
Lexington Investment Company Inc.	Lexington
Life Advisors Financial Planning and Wealth Management LLC	Munfordville
Mackhouse LLC	Louisville
Mann Capital Management LLC	Fort Mitchell
Marc E. Craft, P.S.C.	Lexington

Investment Advisers Headquartered in Kentucky

Name	City
Marshall Wealth Management LLC	Louisville
MC Financial Services Inc.	Louisville
Milestone Financial Planning LLC	Mayfield
MoneyTree Capital Management LLC	Morganfield
Moneywise Inc.	Lexington
Morgan Money Management Inc.	Paducah
Nina M. Wyatt and Associates LLC	Owensboro
Oak River Investment Advisors LLC	Fort Mitchell
Oldham Advisors LLC	Crestwood
P5 Investment Management Inc.	Prospect
Painter Financial LLC	Greenville
Palmer Capital Management Inc.	Florence
Pierce Financial Planning Inc.	Lexington
Prime Solutions LLC	Henderson
Principled Wealth Advisors LLC	Covington
Private Client Services LLC	Louisville
Regional Investment Advisors Inc.	Louisville
Resource Design Inc.	Edgewood
Retirement Tax Advisory Group Inc.	Lexington
Revolutionary Wealth Management Corp.	Louisville
RiverCities Asset Management LLC	Owensboro
Robert M. Walker and Associates Inc.	Taylorsville
Scearce Services Inc.	Lexington
Sentinel Investment Advisory Services Inc.	Ashland
Shipley Financial and Tax Advisors PLLC	Fort Thomas
Tatro Capital LLC	Nicholasville
Teewinot Asset Management LLC	Lexington
Tew Enterprise LLC	Versailles
The Wealth Advisory Team LLC	Covington
The Wright Legacy Group LLC	Elizabethtown
Thomas M. Zalla, CPA/Ph.D.	Fort Mitchell
Thompson Investment Advisors Inc.	Louisville
Thurn Financial Planning LLC	Lexington
TMFS-Lexington LLC	Lexington
Townsend Financial Planning	Mount Sterling
Valorum Retirement Advisors LLC	Paducah
Via Wealth Management Inc.	Campbellsville
Wealth Investment Network Inc.	Edgewood
Wealth Management Inc.	Bowling Green
WealthMD Corporation	Louisville
William E. Sawyer dba Conservative Asset Management Inc.	Louisville
Wilson Financial Services Inc.	Williamstown
Witter and Westlake Investments Inc.	Louisville
Your Best Move Inc.	Bardstown
Your CFO LLC	Lawrenceburg

Broker-Dealers Headquartered in Kentucky

Name	City
Alexander Investments Services Co.	Louisville
Churchill Financial LLC	Louisville
Cypress Alts 0	Louisville
Dupree and Company	Lexington
First Kentucky Securities Corp.	Frankfort
Investment Bank Services Inc.	Louisville
J.J.B. Hilliard, W.L. Lyons LLC	Louisville
Jefferson National Securities Corp.	Louisville
Lexington Investment Company Inc.	Lexington
Maxxtrade Inc.	Lexington
Nancy Barron and Associates Inc.	Lexington
NGAS Securities Inc.	Lexington
Oak River Investments Inc.	Fort Mitchell
Private Client Services LLC	Louisville
Winebrenner Capital Partners LLC	Louisville



Securities Licensing

	Dec. 31, 2009	Change	Dec. 31, 2008
BROKER-DEALER REGISTRATIONS			
New Applications (Form BD)	92		103
Approved	92		103
Withdrawals (Form BDW)	141		57
Total Registered (year end)	1,668	-2.85%	1,717
BROKER-DEALER AGENT REGISTRATIONS			
New Applications (Form U-4)	2,235		2,500
Approved (includes new and transfers)	32,634		32,813
Terminated	32,952		32,616
Total Registered (year end)	85,388	-0.37%	85,706
ISSUER AGENT REGISTRATIONS			
New Applications	22		73
Approved	16		86
Conditional	2		8
Withdrawals Without Registration	3		1
Total Registered (year end)	74	-21.28%	94
STATE INVESTMENT ADVISERS			
New Applications (Form ADV)	15		18
Approved	15		18
Withdrawals (Form ADV-W)	19		5
Total Registered (year end)	135	-2.88%	139
FEDERAL COVERED INVESTMENT ADVISERS			
New Notice Filings	170		123
Withdrawals (Form ADV-W)	62		28
Total Effective Notice Filings	929	1.42%	916
INVESTMENT ADVISER REPRESENTATIVES (IAR)			
New Applications (Form U-4/State)	62		76
New Applications (Form U-4/Federal)	1,233		990
Total State and Federal IARs (year end)	3,878	20.17%	3,227
Investment Companies—New	508		548
Investment Companies—Renewals	3,445		4,000
Unit Investment Trusts	786		1,056

There are no changes to Reg D's for either year.

Securities Corporation Finance, Compliance and Enforcement

	Dec. 31, 2009	Change	Dec. 31, 2008
REGISTRATIONS			
By Coordination	34		37
By Qualification	0		0
By Notification	0		1
NOTICE FILINGS			
Investment Companies—New	498		548
Investment Companies—Renewals	3,773		4,000
Unit Investment Trusts	1,044		1,056
Reg. D, Rule 506 Offerings	397		586
EXEMPTIONS			
Claims of Exemption Requested	58		54
Total Filings	5,804	-7.30%	6,261
COMPLIANCE BRANCH			
EXAMINATIONS			
Broker-Dealer Examinations	41		20
Orders/Agreements	5		7
Investor Adviser Examinations	53		51
Issuer Agents—Main Office Examinations	0		0
Total Examinations	94	32.39%	71
ENFORCEMENT BRANCH			
INVESTIGATIONS			
Referrals/Assistance to Outside Agency	4		7
Referrals from Outside Agency	5		6
Investigations Opened	41		46
Investigations Closed	18		27
Investigations Pending	62		41
ENFORCEMENT ACTIONS			
Administrative Orders	19		28
Civil Orders	5		3
Criminal Referrals (Indictments)	15		3
Fines	\$1,876,195*		\$231,910
Restitution to clients	\$654,861		NA

* 2009 fines include \$1,135,795 in national auction rate securities settlements.

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